



JUNE 2003

QUARTERLY PAYROLL NEWSLETTER FORT DETRICK, MARYLAND

Welcome to the quarterly payroll newsletter provided to you by the Payroll Liaison. I hope that this newsletter helps keep everyone informed on new issues from payroll.

DCPS NEW DEBT MODULE EMPLOYEE IMPACTS

In an effort to provide the most efficient payroll service possible, and to deliver the best value for our customers, the Defense Finance and Accounting Service (DFAS) fielded a new Debt Module for DFAS civilian payroll effective 6 April 2003.

Payroll debts can occur when time and attendance information is changed for a previous pay period or when retroactive personnel actions are processed. One of the features of the module is the automation of the collection process for these debts. Payroll debts are further classified as Routine Debts and Non-Routine or Full Due Process Debts. A Routine Debt is defined as one having an amount less than \$50.00 or one that is greater than \$50.00 BUT is identified within four pay periods. A Non-Routine or Full Due Process Debt is defined as a debt greater than \$50.00 and NOT identified within four pay periods.

The Debt Module is being implemented in phases, the first of which will automate collection of Routine Debts. As a result of the implementation of the Debt Module, you may notice some changes from the current manual practices. Those changes include:

- The collection of Routine Debts will begin in the pay period that the debt is identified. There will NOT be a delay in starting the collection of newly identified Routine Debts.
- In the pay period that the debt collections are started, a remark will appear on the Leave and Earnings Statement (LES). The remark will include the amount being collected in the current pay period, the gross amount of the debt, what caused the debt (Allowance, T&A, or Personnel), and a contact phone number including DSN. A sample of the LES message is:

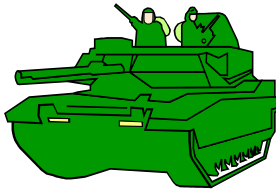
*"\$21.00 collected this pay period for \$352.07
Time and Attendance correction debt in accordance
with Debt Collection Improvement Act of 1996.
POC: Payroll Office Customer Service Desk,
(XXX)XXX-XXXX, DSN XXX."*

- In the DEDUCTION section of the LES, the annotation 'DEBT ROUTINE' and the debt type code (Q*) will be displayed along with the current pay period deduction amount and the year-to-date amount that has been collected. A sample of this is:

<i>TYPE</i>	<i>CODE</i>	<i>CURRENT</i>	<i>YEAR TO DATE</i>
<i>DEBT, ROUTINE</i>	<i>Q1</i>	<i>\$21.00</i>	<i>\$42.00</i>

Collection of Non-Routine or Full Due Process Debts will be automated at a later date. The implementation of the DCPS Debt Module is another

effort to provide world class service to our world class customers. Hopefully, this information will prevent unnecessary concern on your part should you encounter any of the changes described.



COMBAT ZONE SERVICE

The Field Advisory Service (FAS) is receiving inquiries asking if pay received by civilian employees, while assigned to a combat zone, is exempt from Federal taxes. The answer is "NO." Only members of the U.S. Armed Forces, serving in a combat zone, are entitled to an income tax exclusion. The President, under the authority of the Constitution and section 112 of title 26, United States Code, may designate certain geographic locations for the purpose of exempting certain pay for members of the Armed Services from taxation. There is no similar legal authority to exempt the pay of civilian employees.



INJURY ON THE JOB

When an employee is injured on the job, they are entitled to 45 days of Continuation of Pay. On the day the injury occurs, LU "date of injury" should be posted, with the number of hours left in the duty day. The hours posted will be chargeable to administrative leave. If the injury occurs at the end of the day, when the employee is leaving the workplace or while working overtime, "LU" will be posted with NO hours. The DCPS system will generate

the injury number "MMDD" using the day "LU" was posted. For example, if an employee was injured on March 5, 2003, the injury number would be 0305.

TSP CATCH-UP CONTRIBUTIONS

Public Law 107-304 permits eligible TSP participants who are age 50 or older to make tax-deferred "catch-up" contributions from their basic pay to their TSP accounts. The TSP Board plans to implement this in July 2003. The effective date can't be any earlier than the first full pay period in August 2003. These contributions are a supplement to the participant's regular employee contributions and do not count against either the statutory contribution percentage limitations (e.g. in 2003, 13% for FERS and 8% for CSRS) or the IRS Code's elective deferral limit (\$12,000 in 2003). However, the catch-up contributions have their own annual limit (the "annual catch-up limit") and eligibility criteria. For 2003, this limit is \$2,000. The catch-up contributions are made on a pre-tax basis, therefore, these contributions cannot be made by check; they MUST be made by payroll deduction. Catch-up contributions ARE NOT eligible for matching contributions. There aren't any Agency Automatic (1%) Contributions associated with this. TSP-1-C, Catch-up Contribution Election, has been designed for this purpose. Catch-up contribution elections are made in terms of a requested whole dollar amount which will be deducted from the participant's basic pay each pay period until the earliest of the following conditions: (1) the annual catch-up limit is reached; (2) the calendar year ends; or (3) the participant elects to stop the contribution. BECAUSE THE ANNUAL LIMIT CHANGES EACH YEAR, THE PARTICIPANT MUST MAKE A NEW ELECTION EACH YEAR. The catch-up contribution elections are not subject to the open season rules. More information can be

found at <http://www.tsp.gov> in TSP Bulletin 03-4 dated 7 Feb 2003.



DCPS USER'S MANUALS

The most current DCPS CSR and T&A User's Manuals are dated 9 March 2003. These are located in the DFAS website at <https://dfas4dod.dfas.mil> under Documentation. You can download these and place on your desktop for a quick reference. Please ensure that the current manuals are be referenced. There have been several changes and updates to these.

CIVILIAN TSP PARTICIPANTS WHO ARE MEMBERS OF THE READY RESERVE

If you are a civilian TSP participant with an outstanding TSP loan and are placed in nonpay status to perform military service, make sure your agency provides the TSP with documentation to certify your status and suspend loan payments. The Internal Revenue Code allows the TSP to suspend loan payments for all participants placed in nonpay status for up to one year of nonpay. However, participants placed in nonpay status to perform military service for more than one year are authorized suspension of loan payments for the entire period of military service. For more information, see the TSP Fact Sheet [Effect of Nonpay Status on TSP Participation](#).



Effective with the pay period ending 3 May 2003, DCPS/ Civilian Pay Office will begin using the Treasury Offset Program (TOP) to process debts owed other federal agencies. TOP is one initiative used by the Field Management Service (FMS) to collect delinquent debts owed to federal and state agencies including past-due child support payments. The TOP process will replace any manual or automated processes currently in place with other federal agencies. Remarks will be put on the civilian Leave and Earnings Statement to advise the employees of the conversion to the TOP process. Any DOD civilian employee who owes a debt to another federal agency will be subject to a pay offset, or levy if the debt is an IRS tax levy. The Agency owed the debt will be responsible for responding to all inquiries and rebuttals. Employees must communicate directly with the other federal agency. The DFAS payroll offices and DCPS are only the recipients of the debts and do not have any specifics on the debt. The Treasury has set up a Call Center to handle any inquiries concerning the offsets at 1-800-304-3107. The Call Center will direct the employee to the appropriate Creditor Agency.

U.S. SAVINGS BOND RATES

The current savings bond rates are I Bonds = 4.66% and EE Bonds = 2.66%. These are the rates through Oct 2003. New rates will be posted to the bond web site on 1 Nov 2003.

DONATED LEAVE UNDER THE VOLUNTARY LEAVE TRANSFER PROGRAM

The Voluntary Leave Transfer Program allows Federal employees to donate annual leave to assist another Federal employee who has a personal or family medical emergency (including pregnancy and childbirth) and who has exhausted his/her own available paid leave. If either the mother or father exhausts his/her sick and/or annual leave, he/she may receive donated annual leave under the employing agency's voluntary leave transfer program. Donated annual leave may be used ONLY for a medical emergency—e.g., the mother's period of incapacitation or the illness of a child—and MAY NOT be used to care for a healthy child. See <http://www.opm.gov/oca/leave/HTML/childbirthfs.htm> "LEAVE AND WORK SCHEDULING FLEXIBILITIES AVAILABLE FOR CHILDBIRTH."